



**Commonwealth of Kentucky
Public Protection Cabinet**

Department of Financial Institutions

Matthew G. Bevin, Governor

David A. Dickerson, Secretary

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Contact: Elizabeth Kuhn
502-564-0218
Elizabethg.kuhn@ky.gov

**New Report Details Trends in Community Banking
Across Kentucky, Nation**

State Banking Regulators, Federal Reserve Release 2017 National Survey

FRANKFORT, Ky. (Oct. 10, 2017) - The Kentucky Department of Financial Institutions (DFI) joins the Conference of State Bank Supervisors (CSBS) and the Federal Reserve in releasing an annual report that features the findings of a nationwide survey on community banking.

In the report, Kentucky bankers shared insights and concerns about the economy, competition and regulatory burden. The report was released in conjunction with the Community Banking in the 21st Century Research and Policy Conference, held in early October and hosted by the Federal Reserve and CSBS. The fifth annual research conference brought together community bankers, academics, policymakers and bank regulators to discuss the latest research on community banking.

"The report indicates Kentucky community bankers are experiencing similar challenges and opportunities as other community bankers nation-wide," said DFI Commissioner Charles Vice. "I'm pleased to have Kentucky represented within this report, which shows how vital community banks are to local and national economic growth and prosperity."

A total of 611 community bankers in 37 states – more than 10 percent of the commercial banking industry – participated in the 2017 national survey. State banking commissioners from 30 states conducted the state-by-state banker interviews. Each commissioner asked community bankers detailed questions with respect to five key areas: economic trends, regulation, small business lending, management succession and technological innovation.

Highlights from Kentucky banker interviews include:

- Kentucky bankers expressed frustration regarding the slow pace of federal regulatory relief for community banks, particularly surrounding the Home Mortgage Disclosure Act (HMDA), TILA-RESPA Integrated Disclosure (TRID), and Qualified Mortgage (QM) rules.
- Impediments to small business lending include the following: minimal small business formation, excessive competition, regulatory scrutiny and lack of qualified appraisers in rural, insular communities.
- Employees in compliance, information technology (IT) and lending are in high demand and have high marginal costs if replaced. Due to the fast pace of change and increased cybersecurity threats, hiring employees with sufficient IT skills is particularly difficult.

New to the conference this year, the Federal Reserve released a series of “Commissioner Commentary” videos highlighting how community banks meet the credit needs of the communities they serve. Kentucky DFI Commissioner Charles Vice is featured in the series and discusses how a community bank was able to meet the needs of its customers and the broader community following the 2012 tornado in West Liberty. The video can be viewed here: <https://www.communitybanking.org/news/091217-commissioner-commentary-kentucky>.

The Community Banking in the 21st Century report is available online at www.communitybanking.org. That website also provides information, proceedings, research papers and case studies from this year’s conference.

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DFI, <http://kfi.ky.gov>, is an agency in the Public Protection Cabinet. For more than 100 years, it has supervised the financial services industry by examining, chartering, licensing

and registering various financial institutions, securities firms and professionals operating in Kentucky. DFI's mission is to serve Kentucky residents and protect their financial interests by maintaining a stable financial industry, continuing effective and efficient regulatory oversight, promoting consumer confidence and encouraging economic opportunities.